

~~CONFIDENTIAL~~OCA FILE *HPSCI/Felbers*7 December 1989
OCA 4185-89

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Calvin Humphrey Regarding Recent Salary Increase for Participants in the Undergraduate Scholar Program

1. Calvin Humphrey, staff member, HPSCI, provided some background on 7 December 89 regarding the measure that will give relief to employees who receive educational assistance from their employers. The measure, which was included in the Budget Reconciliation Bill at the end of the first session of the 101st Congress, will reinstate the tax exclusion of \$5,250 for such assistance. Mr. Humphrey indicated that Congress wanted the exclusion to extend through the end of 1990, but the Administration wanted an extension of only six months. They compromised on a nine month extension which extends the exclusion through 30 September 1990. Legislation will have to be introduced again in the second session to continue the exclusion beyond that date.

2. During the conversation, Mr. Humphrey asked what effect the recent salary increase for participants in the Undergraduate Scholar Program would have in view of the reinstatement of the exclusion. I indicated that it would give the students more money, but I was not sure how much. I discussed the matter with [redacted] Coordinator for Student Programs, and provided the following information to Mr. Humphrey on 13 December:

STAT

---The salary change went into effect in September 1989. The increase became effective at NSA at the same time.

---Participants in the program would enter the program as GS-2 Step 5 rather than GS-2 Step 1. They could get a promotion at the end of each year and the program as a GS-5 Step 2.

---Each student would end up with something more than \$800 a year as a result of the change.

---The cost to the Agency for the change was \$10,000 in FY 89 and reach a peak of approximately \$162,000 in FY 92 and FY 93 when the program reached its planned peak of 80 students.

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---Promotions for participants in the program are not automatic; they must receive good grades in school and perform satisfactorily during the work phase of the program.

3. I also pointed out that the Agency had no intention of rolling back the pay raise. I indicated that it was not clear if Congress would extend the exclusion beyond September 1990. If not, the raise would cover the tax liability for most students in future years. Moreover, any attempt to roll back the raise at this point would be disruptive to the program and be unfair to the students. I said that if Congress passed some form of permanent relief for this type of educational assistance the Agency might take another look at the situation. However, there was a feeling within the Agency that this increase might not have been a bad change.

4. Mr. Humphrey said that he did want to leave the impression that the Committee wanted to roll back the pay raise. There was no effort underway to make any change in salary levels for participants. He simply had been asked to find out what the effect that the salary change would have on participants in the program. He said that he had asked NSA to provide the same information and was waiting to hear from them.

[Redacted]
Deputy Director for Congressional Support Division
Office of Congressional Affairs

OCA/CSD [Redacted] (14 Dec 89)

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